NOTICE OF CONFIDENTIALITY RIGHTS: IF YOU ARE A NATURAL PERSON, YOU MAY REMOVE OR STRIKE ANY OR ALL OF THE FOLLOWING INFORMATION FROM ANY INSTRUMENT THAT TRANSFERS AN INTEREST IN REAL PROPERTY BEFORE IT IS FILED FOR RECORD IN THE PUBLIC RECORDS: YOUR SOCIAL SECURITY NUMBER OR YOUR DRIVER'S LICENSE NUMBER.

Producers 88 (4-89) — Paid Up With 640 Acres Pooling Provision STANDARD LEASE v.5

whose addresss is

THIS LEASE AGREEMENT is made this

PAID UP OIL AND GAS LEASE

whose addresss is 22 16 OVER LOOK LAWE DONAIN TEXAS 76207 as Lessor, and, DALE PROPERTY SERVICES, L.L.C., 2100 Ross Avenue, Suite 1870 Dallas Texas 75201, as Lessee. All printed portions of this lease were prepared by the party

hereinabove named as Lessee, but all other provisions (including the completion of blank spaces) were prepared jointly by Lessor and Lessee.

1. In consideration of a cash bonus in hand paid and the covenants herein contained, Lessor hereby grants, leases and lets exclusively to Lessee the following described land, hereinafter called leased premises:

(No Surface Use)

SON

, 2010, by and between

. If a ACDEC OF LAND MODE	OD LEGG BEING LOT(O)	5	DI 001/ 3
6 160 ACRES OF LAND, MORE			, BLOCK <u></u>
OUT OF THE EAST ROSECIALE	HeiGHt5		ADDITION TO THE CITY OF
fort worth	, TARRANT COUN	TY, TEXAS, ACCORDING TO THAT	CERTAIN PLAT RECORDED
IN VOLUME, P	AGE(OF THE PLAT RECORDS OF TARRA	ANT COUNTY, TEXAS.
_	11.		
in the County of Tarrant, State of TEXAS, con	taining <u>a /bO</u> gross acr	es, more or less (including any interests therein	which Lessor may hereafter acquire by
reversion, prescription or otherwise), for the pur			
substances produced in association therewith			
commercial gases, as well as hydrocarbon gase			
land now or hereafter owned by Lessor which ar Lessor agrees to execute at Lessee's request any			
of determining the amount of any shut-in royalties			
or determining the amount of any onat in regulation	rici canaci, the number of gross dore	above specified shall be deciried solvest, where	nor dollary more or root.
2. This lease, which is a "paid-up" lease re	quiring no rentals, shall be in force for	r a primary term of Eil/e . (5))years from the date hereof, and for
as long thereafter as oil or gas or other substance	es covered hereby are produced in pa	living quantities from the leased premises or from	
otherwise maintained in effect pursuant to the pro-	visions hereof.		
3. Royalties on oil, gas and other substan-	ces produced and saved hereunder s	hall be paid by Lessee المالية paid by Lessee المالية hall be	a) For oil and other liquid hydrocarbons
Royalties on oil, gas and other substant separated at Lessee's separator facilities, the ro	yalty shall be Tinent to Five	* Pencent (2599) of such production	, to be delivered at Lessee's option to
Lessor at the wellhead or to Lessor's credit at the	e oil purchaser's transportation facilitie	es, provided that Lessee shall have the continuit	ng right to purchase such production at
the wellhead market price then prevailing in the	same field (or if there is no such pri-	ce then prevailing in the same field, then in the	nearest field in which there is such a
prevailing price) for production of similar grade			
severance, or other excise taxes and the costs in	(Litred by Lessee in delivering process	see from the sale thereof, less a proportionate passing or otherwise marketing such gas or other	substances provided that I essee shall
have the continuing right to purchase such production	ction at the prevailing wellhead marke	t price paid for production of similar quality in the	e same field (or if there is no such price
then prevailing in the same field, then in the nea			
nearest preceding date as the date on which Less			
the leased premises or lands pooled therewith an			
hydraulic fracture stimulation, but such well or we			
be producing in paying quantities for the purpose			
being sold by Lessee, then Lessee shall pay shu depository designated below, on or before the en			
are shut-in or production there from is not being			
Lessee from another well or wells on the leased			
of such operations or production. Lessee's failure			
		sor or to Lessor's credit in <u>at lessor's address</u>	
be Lessor's depository agent for receiving payme			
draft and such payments or tenders to Lessor or			
address known to Lessee shall constitute proper			
payment hereunder, Lessor shall, at Lessee's req		dable instrument harning another institution as o incapable of producing in paying quantities (here	
premises or lands pooled therewith, or if all pro			
pursuant to the provisions of Paragraph 6 or the			
nevertheless remain in force if Lessee commence			
on the leased premises or lands pooled therewith			
the end of the primary term, or at any time there			
operations reasonably calculated to obtain or rest			
no cessation of more than 90 consecutive days, there is production in paying quantities from the			
Lessee shall drill such additional wells on the leas			
to (a) develop the leased premises as to formati			
leased premises from uncompensated drainage t			
additional wells except as expressly provided here	ein.		
6. Lessee shall have the right but not the	obligation to pool all or any part of th	e leased premises or interest therein with any o	ther lands or interests, as to any or all
depths or zones, and as to any or all substance proper to do so in order to prudently develop or o			
unit formed by such pooling for an oil well which			
horizontal completion shall not exceed 640 acres			
completion to conform to any well spacing or den			
of the foregoing, the terms "oil well" and "gas we	ell" shall have the meanings prescribe	d by applicable law or the appropriate governm	ental authority, or, if no definition is so
prescribed, "oil well" means a well with an initial g	as-oil ratio of less than 100,000 cubic	feet per barrel and "gas well" means a well with	an initial gas-oil ratio of 100,000 cubic
feet or more per barrel, based on 24-hour prod			
equipment; and the term "horizontal completion"			
equipment; and the term "horizontal completion" component thereof. In exercising its pooling rigit			
Production, drilling or reworking operations any			
reworking operations on the leased premises, ex	cept that the production on which Les	ssor's royalty is calculated shall be that proportion	on of the total unit production which the
net acreage covered by this lease and included	in the unit bears to the total gross a	creage in the unit, but only to the extent such i	proportion of unit production is sold by
Lessee. Pooling in one or more instances shall	not exhaust Lessee's pooling rights he	ereunder, and Lessee shall have the recurring r	ight but not the obligation to revise any
unit formed hereunder by expansion or contracti			
prescribed or permitted by the governmental aut	noncy naving jurisdiction, or to confor	m to any productive acreage determination ma	de by such governmental authority. In
making such a revision, Lessee shall file of recor leased premises is included in or excluded from the	u a written declaration describing the	proportion of unit production on which royalties	are navable berounder shall thereafter
be adjusted accordingly. In the absence of produ	action in paving quantities from a unit	or upon permanent cessation thereof. Lessee m	nav terminate the unit by filing of record
a written declaration describing the unit and statin	ig the date of termination. Pooling her	reunder shall not constitute a cross-conveyance	of interests.
If Lessor owns less than the full mineral	estate in all or any part of the leased	premises, the royalties and shut-in royalties pay	able hereunder for any well on any part
of the leased premises or lands pooled therewith	shall be reduced to the proportion tha	t Lessor's interest in such part of the leased pre	mises bears to the full mineral estate in
such part of the leased premises.	•	,	

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- 8. The interest of either Lessor or Lessee hereunder may be assigned, devised or otherwise transferred in whole or in part, by area and/or by depth or zone, and the rights and obligations of the parties hereunder shall extend to their respective heirs, devisees, executors, administrators, successors and assigns. No change in Lessor's ownership shall have the effect of reducing the rights or enlarging the obligations of Lessee hereunder, and no change in ownership shall be binding on Lessee until 60 days after Lessee has been furnished the original or certified or duly authenticated copies of the documents establishing such change of ownership to the satisfaction of Lessee or until Lessor has satisfied the notification requirements contained in Lessee's usual form of division order. In the event of the death of any person entitled to shut-in royalties hereunder, Lessee may pay or tender such shut-in royalties to the credit of decedent or decedent's estate in the depository designated above. If at any time two or more persons are entitled to shut-in royalties hereunder, Lessee may pay or tender such shut-in royalties to such persons or to their credit in the depository, either jointly or separately in proportion to the interest which each owns. If Lessee transfers its interest hereunder in whole or in part Lessee shall be relieved of all obligations thereafter arising with respect to the transferred interest, and failure of the transferee to satisfy such obligations with respect to the transferred interest shall not affect the rights of Lessee with respect to any interest not so transferred. If Lessee transfers a full or undivided interest in all or any portion of the area covered by this lease, the obligation to
- pay or tender shut-in royalties hereunder shall be divided between Lessee and the transferee in proportion to the net acreage interest in this lease then held by each.

 9. Lessee may, at any time and from time to time, deliver to Lessor or file of record a written release of this lease as to a full or undivided interest in all or any portion of the area covered by this lease or any depths or zones there under, and shall thereupon be relieved of all obligations thereafter arising with respect to the interest so released. If Lessee releases all or an undivided interest in less than all of the area covered hereby, Lessee's obligation to pay or tender shut-in royalties shall be proportionately reduced in accordance with the net acreage interest retained hereunder.
- 10. In exploring for, developing, producing and marketing oil, gas and other substances covered hereby on the leased premises or lands pooled or unitized herewith, in primary and/or enhanced recovery, Lessee shall have the right of ingress and egress along with the right to conduct such operations on the leased premises as may be reasonably necessary for such purposes, including but not limited to geophysical operations, the drilling of wells, and the construction and use of roads, canals, pipelines, tanks, water wells, disposal wells, injection wells, pits, electric and telephone lines, power stations, and other facilities deemed necessary by Lessee to discover, produce, store, treat and/or transport production. Lessee may use in such operations, free of cost, any oil, gas, water and/or other substances produced on the leased premises, except water from Lessor's wells or ponds. In exploring, developing, producing or marketing from the leased premises or lands pooled therewith, the ancillary rights granted herein shall apply (a) to the entire leased premises described in Paragraph 1 above, notwithstanding any partial release or other partial termination of this lease; and (b) to any other lands in which Lessor now or hereafter has authority to grant such rights in the vicinity of the leased premises or lands pooled therewith. When requested by Lessor in writing, Lessee shall bury its pipelines below ordinary plow depth on cultivated lands. No well shall be located less than 200 feet from any house or barn now on the leased premises or other lands used by Lessee hereunder, without Lessor's consent, and Lessee shall pay for damage caused by its operations to buildings and other improvements now on the leased premises or such other lands, and to commercial timber and growing crops thereon. Lessee shall have the right at any time to remove its fixtures. now on the leased premises or such other lands, and to commercial timber and growing crops thereon. Lessee shall have the right at any time to remove its fixtures, equipment and materials, including well casing, from the leased premises or such other lands during the term of this lease or within a reasonable time thereafter.
- 11. Lessee's obligations under this lease, whether express or implied, shall be subject to all applicable laws, rules, regulations and orders of any governmental authority having jurisdiction including restrictions on the drilling and production of wells, and the price of oil, gas, and other substances covered hereby. When drilling, reworking, production or other operations are prevented or delayed by such laws, rules, regulations or orders, or by inability to obtain necessary permits, equipment, services, material, water, electricity, fuel, access or easements, or by fire, flood, adverse weather conditions, war, sabotage, rebellion, insurrection, riot, strike or labor disputes, or by inability to obtain a satisfactory market for production or failure of purchasers or carriers to take or transport such production, or by any other cause not reasonably within Lessee's control, this lease shall not terminate because of such prevention or delay, and at Lessee's option, the period of such prevention or delay shall be added to the term hereof.

 Lessee shall not be liable for breach of any express or implied covenants of this lease when drilling, production or other operations are so prevented, delayed or interrupted.

 12. In the event that Lessor, during the primary term of this lease, receives a bona fide offer which Lessor is willing to accept from any party offering to purchase from
- 12. In the event that Lessor, during the primary term of this lease, receives a bona fide offer which Lessor is willing to accept from any party offering to purchase from Lessor a lease covering any or all of the substances covered by this lease and covering all or a portion of the land described herein, with the lease becoming effective upon expiration of this lease, Lessor hereby agrees to notify Lessee in writing of said offer immediately, including in the notice the name and address of the offeror, the price offered and all other pertinent terms and conditions of the offer. Lessee, for a period of fifteen days after receipt of the notice, shall have the prior and preferred right and option to purchase the lease or part thereof or interest therein, covered by the offer at the price and according to the terms and conditions specified in the offer.

 13. No litigation shall be initiated by Lessor with respect to any breach or default by Lessee hereunder, for a period of at least 90 days after Lessor has given Lessee written notice fully describing the breach or default, and then only if Lessee fails to remedy the breach or default, within such period. In the event the matter is litigated and there is a final judicial determination that a breach or default has occurred, this lease shall not be forfeited or canceled in whole or in part unless Lessee is given a reasonable time after said judicial determination to remedy the breach or default and lessee fails to do so
- time after said judicial determination to remedy the breach or default and Lessee fails to do so.
- 14. For the same consideration recited above, Lessor hereby grants, assigns and conveys unto Lessee, its successors and assigns, a perpetual subsurface well bore easement under and through the leased premises for the placement of well bores (along routes selected by Lessee) from oil or gas wells the surface locations of which are situated on other tracts of land and which are not intended to develop the leased premises or lands pooled therewith and from which Lessor shall have no right to royalty or other benefit. Such subsurface well bore easements shall run with the land and survive any termination of this lease.
- 15. Lessor hereby warrants and agrees to defend title conveyed to Lessee hereunder, and agrees that Lessee at Lessee's option may pay and discharge any taxes, mortgages or liens existing, levied or assessed on or against the leased premises. If Lessee exercises such option, Lessee shall be subrogated to the rights of the party to whom payment is made, and, in addition to its other rights, may reimburse itself out of any royalties or shut-n royalties otherwise payable to Lessor hereunder. In the event Lessee is made aware of any claim inconsistent with Lessor's title, Lessee may suspend the payment of royalties and shut-in royalties hereunder, without interest, until Lessee has been furnished satisfactory evidence that such claim has been resolved.
- 16. Notwithstanding anything contained to the contrary in this lease, Lessee shall not have any rights to use the surface of the leased premises for drilling or other
- This lease may be executed in counterparts, each of which is deemed an original and all of which only constitute one original DISCLAIMER OF REPRESENTATIONS: Lessor acknowledges that oil and gas lease payments, in the form of rental, bonus and royalty, are market sensitive and may vary depending on multiple factors and that this Lease is the product of good faith negotiations. Lessor understands that these lease payments and terms are final and that Lessor entered into this lease without duress or undue influence. Lessor recognizes that lease values could go up or down depending on market conditions. Lessor acknowledges that no representations or assurances were made in the negotiation of this lease that Lessor would get the highest price or different terms depending on future market conditions. Neither party to this lease will seek to alter the terms of this transaction based upon any differing terms which Lessee has or may negotiate with any other lessors/oil and gas owners.

IN WITNESS WHEREOF, this lease is executed to be effective as of the date first written above, but upon execution shall be binding on the signatory and the signatory's

heirs, devisees, executors, administrators, successors and assigns, whether or not this lease has been executed by all parties hereinable LESSOR (WHETHER ONE OR MORE) By: ACKNOWLEDGMENT 2010. MILLIP A. CARAWAY State of Pexas Notary Public, State of A. CARDLIA + _____(printed): St. St. Expires St. 2011 Mater 03-23-2011 STATE OF COUNTY OF day of This instrument was acknowledged before me on the 2010

Notary Public, State of Notary's name (printed): Notary's commission expires:

SUZANNE HENDERSON

COUNTY CLERK



100 West Weatherford Fort Worth, TX 76196-0401

PHONE (817) 884-1195

DALE RESOURCES LLC 2100 ROSS AVE STE 1870 LB-9 **DALLAS, TX 75201**

Submitter: DALE RESOURCES LLC

DO NOT DESTROY WARNING - THIS IS PART OF THE OFFICIAL RECORD.

Filed For Registration:

2/17/2010 4:08 PM

Instrument #:

D210035765

LSE

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PGS

\$20.00

Denlessan

D210035765

ANY PROVISION WHICH RESTRICTS THE SALE, RENTAL OR USE OF THE DESCRIBED REAL PROPERTY BECAUSE OF COLOR OR RACE IS INVALID AND UNENFORCEABLE UNDER FEDERAL LAW.

Prepared by: AKCHRISTIAN